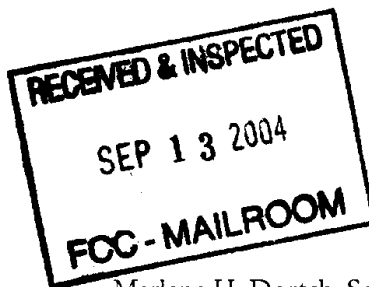


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OUTSIDE CONNECTION INC.

2748 MAPLE AVE
BELLMORE, NY 11710
TEL: 516-409-8650
FAX: 516-409-8652



September 7, 2004

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

ORIGINAL

Re: WCB/Pricing No. 03-14
Docket 96-128
(Ex-Parte)

Dear Ms. Dortch:

As you know, Outside Connection proposed more than 20 months ago in these proceedings a way to bring competition for the first time to the inmate service market while protecting the security interest of correctional authorities, and it asked the Commission to rule that it is unlawful for monopoly service providers and correctional authorities to prohibit competition as long as the competitor provides service in the manner we proposed. Unfortunately, the Commission has not yet acted.

Recently, the Associated Press completed an investigation which shows once again (as previous investigations have shown) that the arrogant actions of prison authorities and the monopoly service providers in maintaining the inmate service market as a monopoly continue to cause serious hardship to the friends and relatives of prison inmates, and it published the results of that investigation late last month. A copy of the news Associated Press dispatch is enclosed.

Sadly, the inmate service market is one of the very last monopolies in the telecom service industry. The absence of competition causes tremendous hardship to friends and relatives of inmates. The Commission can end this hardship by granting the ruling that Outside Connection proposed more than 20 months ago. I urge you to do so as soon as possible.

In accordance with FCC rules, I am enclosing the original and four copies of this letter for filing.

Sincerely,

Brian Prins, President

Enc.

Cc/ Chairman Michael K. Powell
Commissioner Kathleen Q. Abernathy
Commissioner Kevin J. Martin
Commissioner Michael Kopps

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September 7, 2004

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Phone companies profit big on calls from jails

By KIM CURTIS and BOB PORTERFIELD, Associated Press

(Updated Sunday, August 22, 2004, 10:53 AM)

SAN FRANCISCO (AP) - Telephone companies and California counties have made hundreds of millions of dollars from some of the state's poorest people through high, unregulated phone rates for calls from local jails, an Associated Press investigation has found.

The average California county jail inmate's local call home costs more than seven times as much as a 50-cent pay phone call. It adds up to more than \$120 million a year in phone bills for families and friends of county inmates statewide. The inflated rates they pay make service contracts with jails so lucrative that carriers offer counties signing bonuses, nearly \$17 million in the case of Los Angeles County.

For many, the cost of contact with loved ones is a hardship. And while counties are supposed to spend their share of the money on inmate welfare, the law gives sheriffs wide discretion and much of the money goes to salaries.

"It's a gouging of family members, those who have never committed a crime," said Charles Carbone, a lawyer with Prison Focus, a prisoner rights group in San Francisco.

Inmates and their families have few options. Regular contact is possible only through highly restricted visits and phone calls out, which must be made by inmates, either collect or with special calling cards.

Jail phone contracts, unlike those governing the rates of residential users, are not regulated by the California Public Utilities Commission or the Federal Communications Commission.

California counties received more than \$303 million in revenue from collect calls, calling cards and signing bonuses over five years, according to information the AP gathered through the California Public Records Act from each of the 57 California counties with jails.

Telephone companies defend the high charges, claiming specialized equipment and security features such as call blocking and monitoring are needed in jails. Six companies provide most of the phone service to California's county jails; San Antonio-based SBC Communications is the largest. Of the four companies that agreed to talk to the AP, all refused to discuss how they set rates or how much they earn from inmate calls.

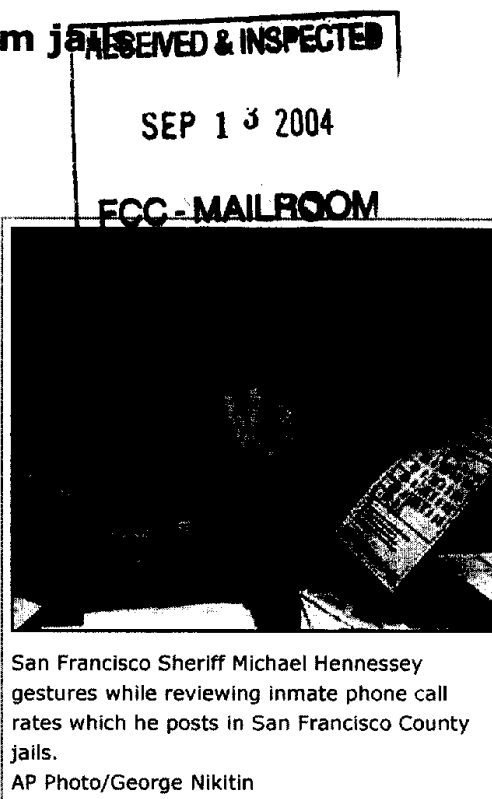
SBC spokeswoman Bridget Stachowski refused to further explain the higher rates, saying only that jail telephone systems are "more complex."

If carriers and county jails have little incentive to lower rates, the costs are significant for low-income friends and families of inmates.

Single mother Jessica Brickle, 20, expects her phone to be disconnected because of \$400 she owes, largely because of phone calls to her public-housing apartment from her child's father, jailed a few miles away. Brickle said her normal \$20 monthly bill was five times higher because she accepted calls from her boyfriend.

She thinks it's unfair, but has no idea how to complain.

"I tried to pay on it, but I stopped," Brickle said while waiting outside the San Francisco County Jail for a 30-minute visit.



San Francisco Sheriff Michael Hennessey gestures while reviewing inmate phone call rates which he posts in San Francisco County jails.

AP Photo/George Nikitin

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Financial records gathered under the Public Records Act show the phone calls provided counties with income that ranged from \$100 to \$1,376 per inmate in 2002-03, the last fiscal year AP examined. The counties receive about half the profit from each call.

Many sheriffs see the phone money as an easy way to fill budget gaps, San Francisco County Sheriff Michael Hennessey said.

"(Some sheriffs say), 'Why do I care what the rates are? I don't have to pay them. Why would I care?'" he said.

Inmate welfare funds were established by law in 1949 to use phone and commissary revenue to remedy a lack of jail programs such as education, drug and alcohol treatment, counseling and chaplain services. Amendments in 1993 and 2000 allow the money to be used for jail maintenance if the sheriff decides inmate welfare needs have been satisfied.

Nick Warner, legislative director for the California Sheriffs Association, said mundane expenses like fixing plumbing or repairing a roof also contribute to an inmate's well-being.

"A lot of things on a piece of paper may not seem like inmate welfare but are, in a custodial setting," Warner said.

Asked how sheriffs justify the high phone costs, Warner said only, "somebody's got to pay for the phone call."

The state's limited oversight ended in 1998. While sheriffs must submit a yearly report to county supervisors, it's unclear whether the boards examine them. Some of the few audits done by counties in recent years raised concerns about inadequate spending controls and bookkeeping.

Counties say phone funds are generally used to pay for law books, chaplains, educational and vocational classes, drug and alcohol rehabilitation, magazine and newspaper subscriptions, recreational equipment and program staff salaries.

Los Angeles County spends 51 percent of its fund - about \$15 million a year - on programs for its 20,000 inmates that range from counseling to training in dog grooming and bicycle repair.

The other 49 percent of the county's nearly \$30 million fund goes to jail maintenance each year, paying for everything from replacing light bulbs to repairing elevators.

The sheriff's department has decided for the first time to encourage lower rates from the companies bidding for jail phone contracts, said Lt. Bob Hudson, who manages inmate services.

Costly phone calls have become an issue with state prison inmates as well. A state law passed in 2000 would have required negotiating for lower rates, but then-Gov. Gray Davis vetoed it, saying it would reduce state revenue by \$30 million.

"They know we'll pay it, so they can take advantage of us," said Pilar Zuniga, a 19-year-old state employee and college student whose best friend is in the San Francisco jail awaiting trial for murder. She gives him \$150 a month to buy \$2.20-a-minute calling cards at the jail commissary.

Said Zuniga: "Those are our loved ones in there."

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